

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0126-02
Bill No.: SB 183
Subject: Motor Vehicles; Licenses- Motor Vehicle, Revenue Dept.; Licenses- Driver's
Type: Original
Date: January 13, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue*	Unknown	Unknown	Unknown
Total Estimated Net Effect on General Revenue Fund	Unknown	Unknown	Unknown

*Total unknown revenue for GR Fund and Dedicated DHT Fund expected to exceed \$100,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Dedicated DHT*	Unknown	Unknown	Unknown
Highway**	(\$407,133) to Unknown	(\$236,823) to Unknown	(\$240,013) to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	(\$407,133) to Unknown	(\$236,823) to Unknown	(\$240,013) to Unknown

**Unknown revenue for Highway is expected to exceed \$100,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$7,627	\$11,485	\$11,485

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Office of Prosecution Services** and **Office of State Courts** assume this proposal would have no significant fiscal impact on their agencies.

The **Department of Revenue (DOR)** assume that section 301.140.6 of this proposal could require DOR to incorporate a security feature on the temporary permit or paper plate that prevents tampering with any information that is entered when it is issued. DOR assumes that their current features comply with this proposal. However, if the intent of the legislation is to change the structure of the current permit to a more substantial security feature then DOR could incur cost. The cost of an upgraded security permit would be a total of \$.35 per permit. The current cost is \$.10 per permit. Therefore, DOR would pay a premium of \$.25 for each permit.

DOR-Driver and Vehicle Services Bureau (DVSB) assume that an initial purchase of 400,000 would be needed to replace the temporary permit stock. In addition, DVSB would continue to purchase 600,000 permits per year

ASSUMPTION (continued)

FY 04

400,000 permits to replace the current stock at \$.35 each	\$140,000
600,000 permits with a \$.25 premium (normal \$.10)	<u>\$150,000</u>
Total	\$290,000

FY05

600,000 permits with a \$.25 premium (normal \$.10)	\$150,000
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FY06

600,000 permits with a \$.25 premium (normal \$.10)	\$150,000
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Officials with DOR assume that section 301.140.7 of the proposal could require all dealers who issue temporary permits or paper plates to notify DOR within 48 hours of issuance. DOR further assumes this section has the intent for DOR to collect delinquent sales tax on the vehicles which have not been registered within thirty days of purchase.

DOR assumes there could be revenue generated from the increase in temporary permits sold, sales tax collected and registration fees submitted as a result of the increase in tracking these permits. However, the agency could not determine the exact amount of revenue this will generate. This revenue is expected to exceed \$100,000.

DVSB could incur costs for mailing notices to field offices, dealers and notifying individuals that they have failed to register their vehicle and pay their sales tax in a timely manner. DVSB estimates that approximately 20% of the individuals that were issued temporary permits do not register and pay their sales tax. For FY02, 580,028 temporary permits were issued. Twenty percent of these (116,006) could be potential delinquent sales tax payers.

The **DOR-Information Technology Bureau (ITB)** assume they could require approximately 700 hours of programming to modify existing tracking systems and program the upfront Web Site to allow dealers to report their sales.

DVSB could also incur cost for record storage at the State Data Center.

ASSUMPTION (continued)

FY 04

Salaries-Programming	\$16,140
Record Storage	\$1,000
Mailing to offices and dealers	\$ 530
Mailing to delinquent owners	<u>\$24,361</u>
Total	\$42,031

FY 05

Record Storage	\$300
Mailing to delinquent owners (3% growth)	<u>\$50,184</u>
Total	\$50,484

FY 06

Record Storage	\$300
Mailing to delinquent owners (3% growth)	<u>\$51,690</u>
Total	\$51,990

DOR assumes that section 301.140.9 of this proposal could create a class C misdemeanor for any person who knowingly alters, counterfeits or misuses a temporary permit or paper plate to avoid registering a motor vehicle. It could also require DOR to suspend a person's driver license that has been convicted of altering, counterfeiting or misusing the temporary permit or paper plate for a period of sixty days.

580,028	Number of temporary permits sold in FY02
x 20%	Estimated percentage of drivers who fraudulently use temporary permits
116,005	Estimated number of fraudulent permits
x 6%	Estimated percentage of drivers to be convicted of altering a temporary permit
6,960	Estimated number of "Orders of Suspensions" received per year
x 33%	Estimated percent of reinstatement
2296	Estimated number of reinstated licences.

ASSUMPTION (continued)

DVSB assumes there could be a \$20 reinstatement fee for the 'temporary permit 60 day driver license suspensions'. This could generate the following revenue.

	FY04 (8 mos)	FY 05	FY 06
Highways	\$22,970	\$34,455	\$34,455
Cities	\$4,594	\$6,891	\$6,891
Counties	\$3,063	\$4,594	\$4,594
Total	\$30,627	\$45,940	\$45,940

(Because this suspension is a 60 day suspension and the effective date of the legislation is August 28, 2003, DVSB assumes reinstatements will only be generated in FY04 for 8 months.)

DVSB could require 2 Revenue Licensing Technicians I (salaries and equipment) in order to process the suspensions and respond to inquiries. In addition, DVSB could incur cost for postage of the suspensions and reinstatements.

ITB assumes the creation of a new 60 day driver license suspension type could result in programming cost to update the current system. ITB estimates that it could require approximately 1040 hours of programming.

FY 04

Programming	\$25,729
2 FTE for processing additional suspensions	\$35,569
Fringe Benefits	\$14,694
Equipment for FTE (one time)	\$13,394
Expense of FTE	\$4,423
Mailing of notices	<u>\$4,563</u>
Total	\$98,372

FY 05

2 FTE (2.5 percent increase)	\$42,681
Fringe Benefits	\$17,273
Equipment and Expense	\$5,467
Mailing of notices	<u>\$5,368</u>
Total	\$70,789

ASSUMPTION (continued)

FY 06

2 FTE (2.5 percent increase)	\$43,748
Fringe Benefits	\$17,705
Expense of FTE	\$5,632
Mailing of suspension notices	<u>\$5,388</u>
Total	\$72,473

Oversight has, for fiscal note purposes only, changed the starting salary for Revenue Licensing Technician I to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

To implement this legislation, DOR could require additional funds. In the past, the programs included in this legislation have been paid for with highway funds. This year, however, highway funds may not be available for this purpose as a result of legislation enacted by the General Assembly in 2000 that limits the use of highway funds.

This limitation is found in Section 226.200.3, RSMo. It places a cap on the highway funding available to state departments other than the Department of Transportation. The total amount of highway funds appropriated to these other state departments (including DOR) cannot exceed the total amount of their fiscal year 2001.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE

Income

Increase in vehicle sales tax	Unknown	Unknown	Unknown
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**ESTIMATED NET EFFECT ON
GENERAL REVENUE**

<u>UNKNOWN</u>	<u>UNKNOWN</u>	<u>UNKNOWN</u>
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DEDICATED DHT FUND

Income

Increase in vehicle sales tax	Unknown	Unknown	Unknown
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**ESTIMATED NET EFFECT ON
 DEDICATED DHT FUND**
FISCAL IMPACT - State Government

HIGHWAY FUND

Income-Department of Revenue

	<u>UNKNOWN</u> FY 2004 (10 Mo.)	<u>UNKNOWN</u> FY 2005	<u>UNKNOWN</u> FY 2006
Additional permits	Unknown	Unknown	Unknown
Additional registration fees	Unknown	Unknown	Unknown
Reinstatement Fee (8 mo)	<u>\$22,970</u>	<u>\$34,450</u>	<u>\$34,450</u>
Total <u>Income- DOR</u>	<u>Unknown</u> <u>exceeding</u> <u>\$22,970</u>	<u>Unknown</u> <u>exceeding</u> <u>\$34,450</u>	<u>Unknown</u> <u>exceeding</u> <u>\$34,450</u>

Cost-Department of Revenue

Upgrade Permits	(\$290,000)	(\$150,000)	(\$150,000)
Salaries-Programming	(\$41,869)	\$0	\$0
Salaries- 2 FTE	(\$35,569)	(\$42,681)	(\$43,748)
Fringe Benefits	(\$14,394)	(\$17,273)	(\$17,705)
Equipment and Expense	(\$17,817)	(\$5,467)	(\$5,632)
Mailing	(\$29,454)	(\$55,552)	(\$57,078)
Record Storage	<u>(\$1,000)</u>	<u>(\$300)</u>	<u>(\$300)</u>
Total <u>Cost- DOR</u>	<u>(\$430,103)</u>	<u>(\$271,273)</u>	<u>(\$274,463)</u>

**NET ESTIMATED EFFECT ON
 HIGHWAY FUND**

<u>(\$407,133) to</u> <u>Unknown</u>	<u>(\$236,823) to</u> <u>Unknown</u>	<u>(\$240,013) to</u> <u>Unknown</u>
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FISCAL IMPACT - Local Government

	FY 2004 (10 Mo.)	FY 2005	FY 2006
Income-Cities			
Reinstatement Fee	\$4,564	\$6,891	\$6,891
Income-Counties			
Reinstatement Fee	\$3,063	\$4,594	\$4,594
	<u>\$7,627</u>	<u>\$11,485</u>	<u>\$11,485</u>

FISCAL IMPACT - Small Business

This proposal could have direct fiscal impact to small businesses. They could be expected to

notify DOR within 48 hours when they have sold a vehicle and issued a temporary permit.

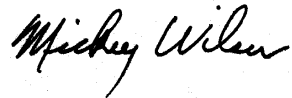
DESCRIPTION

This proposal could require security features on temporary registration tags and make it a crime to counterfeit or alter the tags.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of State Courts
Office of Prosecution Services



Mickey Wilson, CPA
Director
January 13, 2003